

Judge Ronald B. Leighton

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

UNITED STATES OF AMERICA,

Plaintiff,

v.

MICHAEL JOHN SCOTT,

Defendant.

NO. CR18-5579RBL

**GOVERNMENT'S SENTENCING
MEMORANDUM**

The United States of America, by and through Brian T. Moran, United States Attorney for the Western District of Washington, and Marci L. Ellsworth, Karyn S. Johnson, and Angelica J. Williams, Assistant United States Attorneys for said District, files its Sentencing Memorandum for Defendant Michael John SCOTT. SCOTT stands convicted of Conspiracy to Distribute Controlled Substances, in violation of Title 21, United States Code, Sections 841(a)(1), (b)(1)(B), and 846. Sentencing is scheduled for January 24, 2020.

For the following reasons, the United States recommends a sentence of 88 months of imprisonment, followed by four years of supervised release. The United States further recommends a fine in the amount of \$25,000. The \$100 special assessment is mandatory.

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I. FACTUAL BACKGROUND

A. Investigative Overview

In mid-2017, Bremerton PD's Special Operations Group was working with a confidential source (CS) who would place heroin orders through Facebook Messenger. Detectives located a Facebook account with which the CS and other local suspected drug dealers were associated. Detectives questioned the CS about the account. The CS confirmed that was the person he ordered drugs from, but that a different person delivered them. The Drug Enforcement Administration (DEA) then joined the investigation and began to assist detectives with controlled buys of heroin, ultimately introducing an undercover agent to make controlled buys. The controlled buys allowed agents to identify a rotating cast of couriers the organization (referred to as the CASTRO DTO) used to deliver drugs to both the CS and the UC.

Agents identified a dozen different Facebook accounts the CASTRO DTO used to communicate with its local distributors. Although the accounts were in various names (e.g., Katherine Thomas, Gina Morris, and more) and bore different profile pictures, the accounts had a consistent group of "friends." Agents were able to identify many of these individuals as suspected drug dealers. Search warrants served on Facebook provided agents with the contents of the messages the CASTRO DTO and these local, "Facebook distributors" exchanged. It was readily apparent the DTO's Facebook accounts existed only for drug-trafficking purposes.

As the investigation progressed, agents learned the DTO was distributing not just heroin but also imitation fentanyl-laced oxycodone pills. For example, in a conversation between a local distributor and the DTO on December 7, 2017, the DTO said, "We have m-30 pills," but when the distributor inquired about "pure fentanyl powder," the DTO replied, "That is too dangerous." Later that same month, in a conversation on December 14, 2017, another local distributor asked the DTO about the "blue pills," and whether she could get more. The DTO responded that they were sold out, but would have more soon.

1 The distributor asked if the pills were “for sure real” and the DTO replied, “llok [sic], this
 2 pills are manufactured in clandestine laboratories, these are not pharmaceutical.”

3 By spring 2018, through a combination of Facebook materials, physical
 4 surveillance, and court-authorized tracking warrants, agents had identified the following
 5 16 “Facebook distributors,” among others, as members of the CASTRO DTO:

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|------------------------------------|--------------------------------------|
| 6 • Julia Cammel (CR18-5593) | • Tim Crawford (CR18-305) |
| 7 • Natasha Djordjevic (CR18-5592) | • Martin Gregory (CR18-5607) |
| 8 • Alex & David Hubly (CR18-5591) | • Blake Hynek (CR18-5590) |
| 9 • Jerry Jaime (CR18-5595) | • Charles Joslyn (CR18-304) |
| 10 • Joshua Mendiola (CR18-5589) | • Kurt & Lindsay Nemeyer (CR18-5594) |
| 11 • Corey Riley (CR19-5147) | • Michael Stangel (CR19-102) |
| 12 • Larry Sweitzer (CR19-5247) | • Jacob Wilson (CR18-5605) |

13 Beginning in June 2018, agents obtained court authorization to intercept
 14 communications over the then-current DTO courier’s telephone. Those interceptions
 15 hinted at the scope of the DTO’s activities: kilograms of heroin and thousands of the
 16 fentanyl-laced imitation oxycodone pills were flowing into the community, and the DTO
 17 was collecting hundreds of thousands of dollars in drug proceeds each week. Although
 18 the “Facebook distributors” accounted for a modest portion of those drugs and drug
 19 proceeds, agents discovered additional, higher-volume tiers of drug distributors working
 20 with the DTO who did not use Facebook. Agents also learned that the DTO kept
 21 meticulous accounting records of what drugs had come in to the local distribution “hub”
 22 and from whom; which drugs were then divvied up to which higher-volume distributor
 23 on which day; what money came in each day and from whom; and how the monies
 24 destined for each different source of supply were to be returned to Mexico.

25 Following one of these detailed inventory phone calls, agents executed a delayed-
 26 notice search warrant at a DTO stash apartment on August 31, 2018. Agents found and
 27 seized \$164,116 in cash, more than 3,000 fentanyl-laced imitation oxycodone pills (a
 28

partial sampling of which contained more than 250 net grams of fentanyl mixed in with lidocaine, clonazepam, and diazepam), 940 net grams of heroin, 33 net grams of pure methamphetamine, and nearly 450 grams of marijuana. These totals, while staggering in the abstract, actually represented a more or less typical “day in the life” of the DTO.

These seizures caused little to no interruption in the CASTRO DTO’s daily drug trafficking activities. The investigation continued, and by November 2018, agents had identified an additional 30+ individuals involved with the CASTRO DTO, including a Southern California-based money launderer who transferred the DTO’s cash drug proceeds to cryptocurrency. Over the course of the entire investigation, agents obtained court authorization to intercept 16 telephones, track nearly a dozen vehicles and almost four dozen telephones, and conducted hundreds of hours of physical surveillance.

On December 5 and 6, 2018, agents executed nearly 90 search warrants and arrested the following defendants:

- Eric Alcala (CR18-310)
- Juan Aviles Berrelleza (CR18-5579)
- Jose Barrientos (CR18-5579)
- Oscar Carrillo (CR18-5579)
- Monique Green (CR18-5579)
- Andrew Kristovich (CR18-5579)
- Constantino Mares (CR18-309)
- Gerald Riggins (CR18-5579)
- Esther & Michael Scott (CR18-5579)
- Michael Suryan (CR19-082 RAJ)
- Othon Vea (CR18-5579)
- Uriel Zelaya (CR18-5579)
- Noel Alvarado (CR18-312)
- Orlando Barajas (CR18-5579)
- Lisa Burns (CR18-5606)
- Saul Gamez (CR18-311)
- Jaime Heredia (CR18-5579)
- Carlos Lopez (CR18-5579)
- Cesar Ordorica (CR18-308)
- Jesus Sarmiento (CR18-5579)
- Karen Suryan (CR18-5579)
- Hector Urias (CR18-5579)
- Gregory David Werber (CR18-5579)

During execution of the search warrants, agents seized over \$325,000 in cash, thousands of fentanyl-laced imitation oxycodone pills (containing at least 900 net grams

1 of fentanyl), over 7,600 net grams of heroin, nearly 40 net grams of methamphetamine,
 2 and more than 3,000 net grams of cocaine, along with dozens of firearms.

3 Over the next days and months, agents also located and arrested more members of
 4 the CASTRO DTO, including:

- 5 • Alek Baumgartner (CR18-5579) • Martin Gonzalez¹ (CR18-5579)
- 6 • Cesar Loya Soto (CR18-5579) • Manuel Loya Soto (CR18-5579)
- 7 • Julian Ordonez (CR18-5579) • Ramon Puentes (CR18-5579)

8 Among the items seized during execution of the search warrants were multiple
 9 drug ledgers kept by the DTO couriers, distribution hub, and higher-level distributors.
 10 These ledgers illuminate the sheer scope of the DTO's activities and show how lucrative
 11 drug addiction is. For example, in the first five days of December 2018, immediately
 12 before agents executed the arrest/search warrants described above, the courier responsible
 13 for deliveries to the "Facebook distributors" made 25 deliveries of fentanyl-laced
 14 imitation oxycodone pills and/or heroin (totaling 115 pills and 473 grams of heroin), and
 15 collected \$20,431 in cash drug proceeds. During that same period, the DTO's
 16 distribution hub, working with the higher-level distributors, parceled out more than
 17 25,000 fentanyl-laced imitation oxycodone pills, an unspecified quantity of heroin,
 18 collected over \$118,000 in cash drug proceeds, and transferred almost \$25,000 of the
 19 cash back to Mexico.

20 As of the date of this Memorandum, eight indicted defendants remain at large, and
 21 the investigation into the CASTRO DTO continues.

22 **B. Michael John SCOTT's Role in the CASTRO DTO**

23 Michael John SCOTT was a high-volume redistributor of fentanyl-laced imitation
 24 oxycodone pills and cocaine for the CASTRO DTO. SCOTT had his wife, Esther La
 25 Rena Scott (a Spanish speaker), assist him by translating conversations between SCOTT
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27 ¹ When Oregon State Police troopers arrested Martin Gonzalez, he was on his way to Western Washington with
 28 approximately 13 pounds of heroin for the DTO.

1 and Spanish-speaking DTO members. SCOTT also directed his wife to pick up drugs
2 from, and deliver cash drug proceeds to, DTO members. A few representative examples
3 of SCOTT's conduct are set forth below.

4 On August 30, 2018, two CASTRO DTO members delivered 5,000 fentanyl-laced
5 imitation oxycodone pills to SCOTT at the SCOTTs' office ("Wired in Networks," in
6 Lynnwood, Washington). At that same meeting, SCOTT also delivered cash drug
7 proceeds, in the amount of \$150,000, for drugs previously supplied to him by the DTO.

8 Similarly, on September 24, 2018, SCOTT provided \$50,000 in cash drug
9 proceeds to the DTO, and on September 25, 2018, SCOTT received another 2,777
10 fentanyl-laced imitation oxycodone pills.

11 On October 5, 2018, SCOTT's wife met with a CASTRO DTO member at
12 SCOTT's behest. The DTO member had been directed to deliver "everything" to
13 SCOTT at his office (Wired in Networks); "everything" referred to the drugs another
14 coconspirator, a long-haul truck driver, had delivered to Washington earlier in the day.
15 Along with picking up the drugs on SCOTT's behalf, his wife delivered \$95,000 in cash
16 drug proceeds to the DTO member at SCOTT's direction, representing payment for drugs
17 supplied by the DTO.

18 Of note, throughout the course of the investigation in 2018 (when agents identified
19 the SCOTTs and conducted surveillance of their activities), "Wired In Networks" did not
20 appear to be operating as an actual business. Agents observed that when either SCOTT
21 or his wife arrived at the business to meet with CASTRO DTO members, they would
22 have to unlock the door (*i.e.*, the business was not otherwise open, even when the
23 meetings took place during regular business hours).

24 Moreover, the business bank accounts (a Wells Fargo checking account ending in
25 -8804, and a Wells Fargo savings account ending in -9524) showed significant cash-
26 based activity, totally inconsistent with a telecommunications business. For example,
27 review of these bank records for the period of January 2017 through October 2018
28 showed \$163,642.13 in net deposits to the business checking account, at least 98% of

1 which were cash deposits. Notably, 24% of the individual cash deposits were made from
2 outside Washington State.²

3 On December 6, 2018, investigators executed a federal search warrant at the
4 SCOTTs' residence, located at 8024 150th Street SE, Snohomish, Washington. When
5 SCOTT realized that law enforcement had arrived at his residence to search it, he
6 proceeded to flush quantities of fentanyl-laced imitation oxycodone pills down the toilet
7 in order to thwart law enforcement efforts. Indeed, investigators found two gallon-sized,
8 one quart-sized, and two sandwich-sized empty Ziploc bags in the master bathroom
9 garbage can:



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26 ² The majority of these out-of-state deposits (which averaged \$2,000) came from Huntsville, Alabama. Investigators
27 suspect that the cash deposits in Alabama may reflect payment for marijuana shipped from Washington to Alabama.
28 This would be consistent with SCOTT's marijuana grow, which was found in March 2013 during a search of the
SCOTTs' residence (*see* PSR ¶¶ 83, 114-115), and the saran-wrapped bundles of marijuana seized from the
SCOTTs' residence on December 6, 2018, as discussed below.

1 In his haste, however, SCOTT dropped three of the pills on the bathroom floor:
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1 Investigators also found a clear plastic bag containing a few more fentanyl-laced
2 imitation oxycodone pills in the master bedroom closet:



13 The seized pills were consistent in appearance with the fentanyl-laced pills
14 distributed by the CASTRO DTO, *i.e.*, small, blue, and imprinted with “M” and “30.”

15 Investigators found multiple tools of the trade used by drug traffickers in the
16 residence, including a blue, Capsuline-brand pill counter (in a dresser drawer in the
17 master bedroom) and two digital scales (in the master bedroom closet):





Investigators also seized suspected 100 gross grams of suspected cocaine and 40 gross grams of suspected MDMA. For example, in the master bedroom closet, investigators found two baggies of the suspected cocaine (as well as a bag of suspected fentanyl-laced imitation oxycodone pills) in a suit coat pocket (shown in the photo on the left) and a bag of suspected cocaine and a bag of suspected MDMA in a coat pocket. Investigators also found suspected cocaine and a Costco card on the top shelf of a kitchen cabinet (shown in the photo on the right):



1 Investigators also seized 9.35 net grams of 100% pure methamphetamine from the
2 downstairs coat closet in the residence. Investigators also found a total of 5,680 gross
3 grams of processed marijuana at the residence in a number of locations, including on a
4 kitchen counter, on the garage floor, and in a storage room. The following photos show
5 the kitchen and the bundles of processed marijuana found there:



During the search, investigators found SCOTT's cash drug proceeds in multiple areas of the residence, including within two walls. The following photos show a storage area on the second floor; two views of the cash atop the insulation in that area; and the cash after its removal from the wall.



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The following photos show the master bedroom closet where officers also found cash drug proceeds. The residence's elaborate security system is also visible in these photos:



When officers asked SCOTT about the cash hidden in the walls, he lied. SCOTT claimed the money was not his, and further claimed that the cash must have been in the residence before his family moved in (which was in 2006).³

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³ See Sealed Attachment 1, filed herewith.

1 In addition, investigators found cash drug proceeds on the master bathroom
2 counter, next to the sink:



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11 In all, agents seized a total of \$44,362 in cash drug proceeds from the SCOTTs'
12 residence. Officers also seized a money counter.

13 During the search, agents seized the SCOTTs' tax returns (business and personal)
14 from tax years 2016 and 2017. Their 2016 personal tax returns claimed income from
15 rental real estate in the amount of \$7,781, purportedly from their "Wired In Networks"
16 business, and provided their Snohomish address. Their 2016 business tax returns, for
17 "Reliable Mortgage Solutions" (listed as operating out of the SCOTTs' Snohomish
18 address), claimed an income of \$52,857. According to the seized returns, the SCOTTs
19 owed no taxes, and received no refunds. On their 2017 personal tax returns, they claimed
20 income from rental real estate in the amount of \$50,649 (for "Wired In Networks"), and
21 itemized deductions for their real estate taxes, home mortgage interest, and general sales
22 taxes. Their 2017 business tax returns, for "Wired In Networks," claimed an income of
23 \$55,500. According to their 2017 returns, the SCOTTs owed no taxes and received a
24 \$146 refund on their personal taxes.

25 Post-arrest,⁴ SCOTT admitted to agents that he obtained fentanyl-laced imitation
26 oxycodone pills and cocaine from the CASTRO DTO for redistribution to others. He
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28 ⁴ See Sealed Attachment 2, filed herewith.

1 told agents his pill orders had increased from initially being only 100 to 200 pills at a
 2 time to their current level of 6,000 pills at a time. When asked about pricing information
 3 for pills, SCOTT stated that he when he first started buying pills, the price ranged from
 4 \$8-\$16 per pill. SCOTT said he usually sold the pills for a few dollars more per pill than
 5 he paid for them. SCOTT also said his cocaine orders had increased from their initial
 6 level of ounces at a time to their current level of one kilogram at a time, for which he paid
 7 between \$30,000 and \$36,000. SCOTT stated that his August 30, 2018, payment to the
 8 DTO in the amount of \$150,000 was partly for pills and partly for cocaine.

9 On December 6, 2018, investigators also executed a federal search warrant at
 10 “Wired In Networks.” The business interior appeared to be a mostly-unused office space
 11 with minimal furnishings. Investigators located SCOTT’s expired driver’s license in the
 12 business location, along with a photo ID membership card to “Shooting Sports
 13 Northwest.”⁵

14 Although the exact amount of cocaine and fentanyl-laced imitation oxycodone
 15 pills that SCOTT distributed, or conspired to distribute, is unknown, the parties have
 16 agreed for purposes of sentencing that SCOTT distributed, or conspired to distribute, at
 17 least three kilograms of a mixture or substance containing a detectable amount of cocaine
 18 and at least two kilograms of fentanyl-laced imitation oxycodone pills.

19 II. SENTENCING GUIDELINES

20 In the Plea Agreement, the parties agreed to set SCOTT’s base level at 32, based
 21 on a stipulation that the offense involved at least 3,000 kilograms, but less than 10,000
 22 kilograms, of converted drug weight. The parties also agreed that a three-level reduction
 23 applies for acceptance of responsibility. The United States anticipates that the defense
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27 ⁵ According to the website for Shooting Sports Northwest, www.shootingsportsnorthwest.com, this is an indoor
 28 shooting range in Bothell. It is a membership-based facility that costs \$480/year.

1 will seek a two-level reduction under USSG §5C1.2; the United States would not oppose
2 such a reduction. This would result in a total offense level of 27.

3 In 2014, SCOTT was convicted of Possession with Intent to Manufacture or
4 Deliver Cocaine and sentenced to 12 months plus one day of confinement, for which he
5 receives two criminal history points. *See* Second Revised Presentence Report, dated
6 December 18, 2019 (the “PSR”) at ¶ 83. In 2002, SCOTT was convicted of
7 Assault/Domestic Violence and sentenced to two years of probation. *Id.* at ¶ 82. This
8 conviction is too old to score. *Id.* SCOTT also was convicted in 1999 and 2003 for
9 Driving with Suspended License, Third Degree, in Everett Municipal Court; these
10 convictions do not score. With two criminal history points, SCOTT’s criminal history
11 category (CHC) is II. *Id.* at ¶ 85.

12 With a CHC of II, and a total offense level of 27, SCOTT’s advisory sentencing
13 range is 78 to 97 months of imprisonment. Assuming the Court were to grant a §5C1.2
14 reduction, the Court may impose any sentence it believes is warranted without regard to
15 the statutory mandatory minimum, and any term of supervised release the Court believes
16 is appropriate without regard to the term mandated by statute.

17 In the Plea Agreement, the United States agreed to recommend a term of
18 imprisonment within the Guidelines range as calculated by the Court at the time of
19 sentencing. *See* Plea Agreement ¶ 12. The United States is recommending 88 months of
20 imprisonment, *i.e.*, a mid-range term, to be followed by four years of supervised release.
21 The United States is also recommending a \$25,000 fine.

22 **III. FACTORS RELATED TO SENTENCING RECOMMENDATION**

23 In making its sentencing recommendation, the United States considered the
24 advisory sentencing range calculated under the United States Sentencing Guidelines and
25 the factors set forth in Title 18, United States Code, Section 3553(a), including: (1) the
26 nature and circumstances of the offense; (2) the history and characteristics of the
27 defendant; (3) the need for the sentence to reflect the seriousness of the offense, to
28 promote respect for the law, and to provide just punishment for the offense; (4) the need

1 for the sentence to afford adequate deterrence to criminal conduct; (5) the need for the
2 sentence to protect the public from further crimes of the defendant; (6) the need to
3 provide the defendant with educational and vocational training, medical care, or other
4 correctional treatment in the most effective manner; (7) the kinds of sentences available;
5 (8) the need to provide restitution to victims; and (9) the need to avoid unwarranted
6 sentence disparity among defendants involved in similar conduct who have similar
7 records.

8 In the instant case, the nature and circumstances of the offense are extremely
9 serious. Heroin distribution and use have wreaked havoc across the United States for
10 years. The relatively recent emergence of fentanyl amplifies the dangers of drug
11 trafficking, literally and figuratively. The CASTRO DTO trafficked in enormous
12 quantities of heroin, fentanyl, methamphetamine, and cocaine, with no regard for the
13 misery and destruction these drugs leave in their wake. The quantities of drugs that
14 SCOTT put into the community have impacted an untold number of lives, perpetuating
15 the struggle of addicts, introducing new users to the scourge of drug use, contributing to
16 the property crimes and other offenses necessary for addicts to support their habits, and
17 fueling the homelessness crisis and drug-related violence.

18 SCOTT was a prolific, high-volume distributor of drugs for the DTO. He clearly
19 did not learn any positive, long-lasting lesson from his 2014 sentence for similar conduct
20 (drug trafficking). The instant investigation and SCOTT's history of living far beyond
21 his means leave no doubt that SCOTT's drug trafficking was motivated by his greed.
22 SCOTT lived lavishly and spent freely. SCOTT doubtless enjoyed living in his well-
23 appointed home, and having his choice of nice vehicles to drive. But, to the extent that
24 SCOTT actually paid for his luxurious lifestyle up front, it appears he did so using the
25 proceeds of his drug trafficking. Clearly, SCOTT's affluent lifestyle was more important
26 to him than was the harm he did to the community through his distribution of deadly pills
27 and cocaine.

1 With respect to the residence, online records for the Snohomish County Assessor's
 2 office, together with a Redfin.com search (conducted on January 16, 2020) showed the
 3 SCOTTs purchased their residence in November 14, 2006, for \$499,000. Redfin.com
 4 describes the residence as a three-bedroom, 2.5-bathroom, 2,408-square-foot home, built
 5 in 2003, with a current value of \$554,396.⁶

6 A Zillow.com search for the residence (also conducted on January 16, 2020)
 7 revealed that the residence has been listed for rent (by a property management company)
 8 for the past 80 days. The current listing, which seeks \$2,800/month in rent, describes the
 9 residence as follows:

10 This 3 bed 2.5 bath w/ LARGE bonus or bed, 2,408 sq ft home has all the
 11 perks! Peaceful setting w/mountain views. This home features large & open
 12 main level living area w/ vaulted ceilings, updated kitchen and top floor
 13 laundry! Enjoy at home sauna, hot tub & personal gym. RV and/or boat
 parking. Close to local schools w/easy access to hwy's & interstates.

14 Consistent with the search warrant photos, the photos on Zillow.com show that
 15 SCOTT's residence is nicely furnished and has modern, up-to-date finishes.⁷

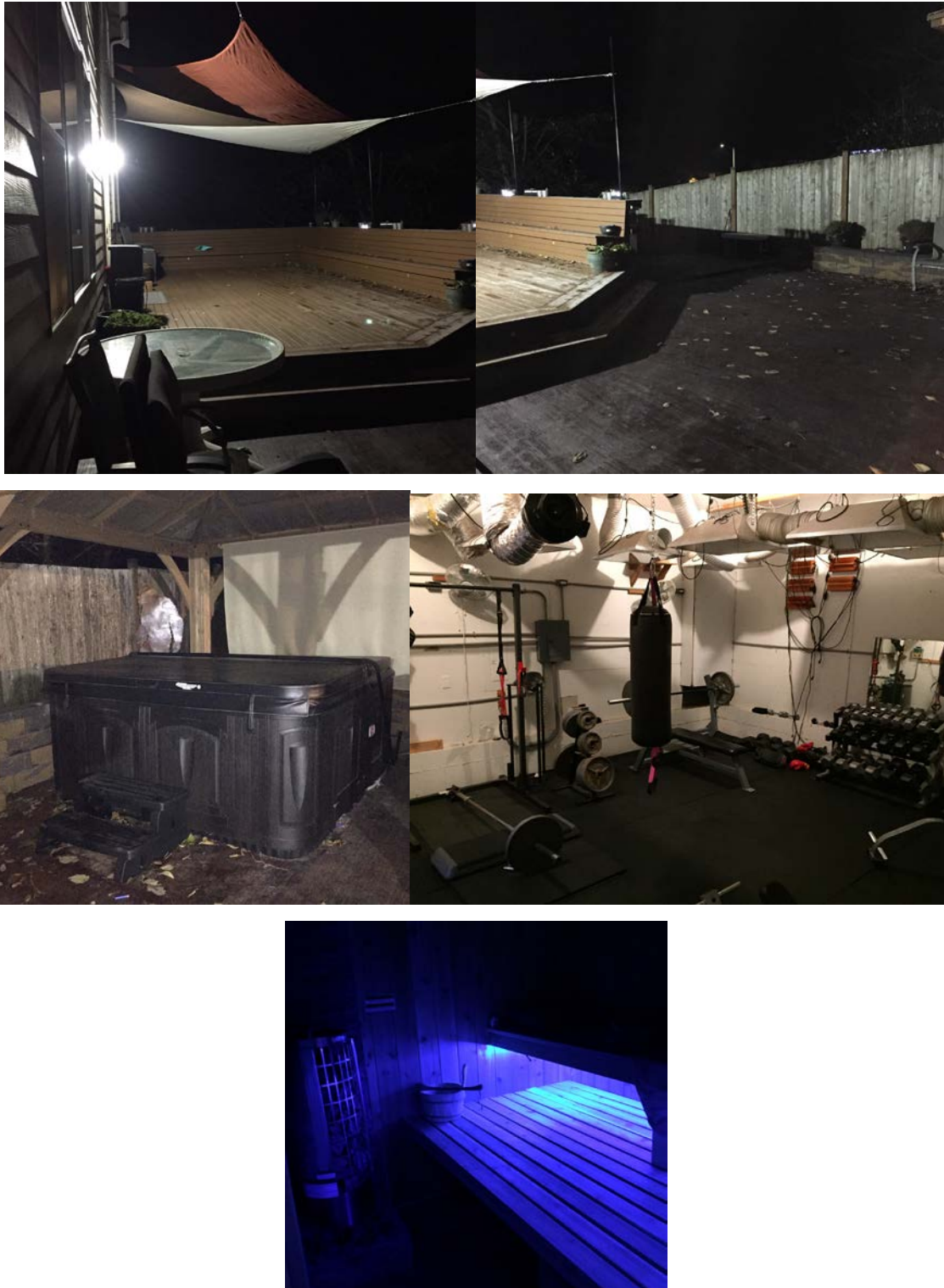
16 Investigators documented a 2003 Toyota Highlander (which investigators had
 17 previously observed Esther Scott driving), a 2007 Dodge Ram 2500 pickup truck, and a
 18 2014 BMW sedan at the residence on December 6, 2018. In the next three photos, the
 19 Highlander can be seen at the front of the residence; the Ram pickup truck is parked in
 20 the driveway; and the BMW is parked in the back of the residence (as was a boat trailer,
 21 not shown in the photo):
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 27 ⁶ In February 2018, Monte Vista Homeowners Association filed a lien against the property.

28 ⁷ A copy of the photos available on Zillow.com is filed herewith as Attachment 3.



Investigators also took note of the large backyard deck and hot tub; the home gym (SCOTT's marijuana grow equipment is visible on the wall and ceiling); and the sauna:



Indeed, SCOTT's taste for the finer things in life has been well-documented for almost a decade. In September 2010, SCOTT and his wife (through counsel) filed a

1 voluntary petition for Chapter 7 bankruptcy, seeking to discharge consumer/household
 2 debt. Among their listed assets were two plasma TVs, a Mercedes, a Chevy Tahoe, a
 3 Searay boat, and a 50% ownership stake in “RMS, Inc.” (Reliable Mortgage Solutions,⁸
 4 where SCOTT claimed to work as a mortgage broker). Creditors included their mortgage
 5 company, two banks (accounting for a home equity loan on their residence in Snohomish
 6 and a vehicle loan), the IRS, and numerous credit card companies to whom the SCOTTs
 7 owed over \$97,000. The SCOTTs appear to have purchased a residence they could not
 8 realistically afford and at the wrong time in the real estate cycle (2006 purchase price of
 9 \$499,000 vs. 2010 listed value of \$415,000), as the secured claims on the residence
 10 exceeded its estimated value. On February 25, 2011, the U.S. Bankruptcy Court
 11 discharged the SCOTTs’ debts as to 18 creditors. SCOTT told Pretrial Services it was
 12 over \$1 million in consumer debt; Pretrial Services checked and concluded the actual
 13 amount was \$683,965. *See* PSR ¶ 131.

14 The discharge of over a half-million dollars in debt in 2011 apparently had no
 15 impact on SCOTT’s spending. Following SCOTT’s arrest in 2013 on state drug
 16 distribution charges (*see* PSR ¶ 83), KIRO news ran an article⁹ describing SCOTT’s
 17 Snohomish neighborhood as “posh” and “upscale.” The article also referred to the
 18 discovery of \$40,000 worth of cocaine; significant cash assets (consisting of cash seized
 19 from the residence and bank accounts); his Porsche Cayenne; his wife’s Mercedes; a
 20 family Hummer (which law enforcement determined SCOTT had sold just prior to his
 21 arrest and replaced with a Toyota Tundra); and an EBT card. According to the KIRO
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23
 24 ⁸ SCOTT told Pretrial Services that he was a half-owner of “Reliable Mortgage Solutions” between 2000 and 2009,
 25 where he earned \$200,000/year until the market crashed. Records show the company incorporated in February
 26 2004. SCOTT claimed to Pretrial Services that he left the company/that job in 2009, but his tax returns show he
 27 continued to use it for tax filing purposes as recently as tax year 2016. SCOTT’s story about this business also
 28 contradicts what the Eastside Narcotics Task Force learned during its 2013 investigation/arrest, where SCOTT told
 the State that he stopped the business in 2011 but had continued to make large cash deposits into the business bank
 account in 2012 and 2013 (*i.e.*, laundering cash drug proceeds).

⁹ A copy of the KIRO article is filed herewith as Attachment 4.

1 reporter, DSHS confirmed that SCOTT received welfare benefits but said “not enough is
2 known about the drug allegations to launch an investigation.”¹⁰

3 In January 2016, North Cascade Trustee Services, Inc. filed a Notice of Trustee’s
4 Sale against the SCOTTs and their residence for a total amount owing of \$144,566.58. In
5 June 2016, the SCOTTs again attempted to file for bankruptcy (*pro se*), this time under
6 Chapter 13. SCOTT again claimed employment at “Reliable Mortgage Solutions,” and
7 Esther claimed employment at “Wired In Networks” and “Reliable Medicinal
8 Solutions.”¹¹ They again sought discharge of consumer/household debt, again apparently
9 relating to their home loan. The Bankruptcy Court dismissed the petition on June 28,
10 2016, for the SCOTTs’ failure to file any of the underlying documents.¹² See PSR ¶ 132.

11 Of note, in March 2018, SCOTT purchased a parcel of undeveloped real property
12 in Santa Rosa County, Florida, for \$60,000. The parcel was described as a lot “in the
13 desirable Biscayne Point neighborhood ... situated on the Intracoastal Waterway.” The
14 SCOTTs quit-claimed the property on January 8, 2019, for an unknown sum.

15 In short, since at least 2010, SCOTT was living well beyond his means. He had
16 very little in the way of legitimate business income, and it appears he supported himself
17 at a very high standard of living through (illegal, out-of-state) sales of marijuana, and
18 high-volume distribution of fentanyl-laced imitation oxycodone pills and cocaine.

19 Moreover, even while pending sentencing in this case, and while having the
20 benefit of taxpayer-funded counsel, SCOTT continued to run up his expenses, including,
21 but not limited to, the following:

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23 ¹⁰ Financial records obtained during the instant investigation confirm that SCOTT and his wife began receiving
24 benefits as early as December 2012, receiving about \$500 in TANF benefits every three weeks.

25 ¹¹ The SCOTTs established “Reliable Medicinal Solutions” in April 2013, and it has been inactive since September
26 2016. This company appears to have been linked to a purported medical marijuana grow/business (state officers
27 found 34 marijuana plants at the SCOTT residence when they executed the 2013 search warrant). As noted above,
28 during the December 2018 search warrant, agents found multiple kilograms of processed marijuana at the residence.

¹² The PSR states that SCOTT has recently filed for bankruptcy. See PSR ¶ 136. This is not accurate; the last time
that SCOTT filed for bankruptcy was in 2016.

- Records obtained from the Seahawks show that SCOTT has purchased season tickets for the Seahawks since 2015. Moreover, on four different dates in 2019 (March 18, April 5, May 3, and May 31), after he was arrested in the instant matter, SCOTT charged \$582.50 each time, for an amount totaling \$2,330.00, using a Visa credit card (account ending -3117), to pay for his 2019 Seahawks season tickets. *See* PSR ¶ 135.
- On April 21, 2019, SCOTT charged \$951.79. His credit card bill includes a transaction description of “TM *SEATTLE MARINERS206-628-0888CA” (Capital One MasterCard ending in -3456).¹³
- On June 11, 2019, SCOTT charged \$598.33, with a transaction description of “CORT ABC SPECIAL EVENTMUKILTEOWA” (Capital One MasterCard ending in -3456). Google searches indicate that the business “ABC Special Event Rentals by Cort” is now closed; however, according to the website for Cort Party Rental (www.cortpartyrental.com), Cort rents items for entertaining, such as linens, tables, chairs, china, flatware, glassware, tents, and other structures.
- On June 28, 2019, SCOTT charged \$147.89 at a Japanese steakhouse in Ellensburg, Washington (Capital One MasterCard ending in -3456).
- In September 2019, SCOTT made multiple charges at hotels in Everett, Washington, including \$449.07 at the Navigator Inn (September 6), and at the Extended Stay in Everett (\$129.44, \$123.86 and \$283.40, September 6-10) (Capital One MasterCard ending in -3456).
- On September 12, 2019, SCOTT charged \$466.87, with a transaction description of “IFLY SEATTLE” (Capital One MasterCard ending in -3456.) According to its website (www.iflyworld.com), iFLY is an indoor skydiving facility.

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¹³ A copy of the account information sheet and 2019 statements for SCOTTs’ Capital One MasterCard, account ending -3456, is filed herewith, under seal due to PII, as Sealed Attachment 5.

- On August 19, August 20, August 22, September 17, and September 24, 2019, SCOTT made charges totaling \$4,078.85, with the transaction description referencing LMC Trucks (Capital One Visa ending in-1719).¹⁴ According to its website (www.lmctruck.com), LMC Truck (Long Motor Corporation) sells truck/SUV parts, with “thousands of original equipment, reproduction and high performance parts plus accessories, upholstery, rubber and chrome trim. Your catalog is fully illustrated to help make ordering easy....We are automotive specialists with over 30 years [sic] experience in helping you, the enthusiast, restore or maintain your pride and joy.”
- Through 2019, SCOTT has made numerous charges for purchases at Amazon, 24Hour Fitness, and PayPal/eBay (Capital One MasterCard account ending -3456).
- On June 14 and June 24, 2019, SCOTT charged a total of \$527.04 at the Tulalip Bay Restaurant and the Tulalip Casino and Hotel (Capital One Visa account ending -1719).

Also of note, SCOTT has continued making cash deposits into his “Wired In Networks” Wells Fargo account (account ending -8804) through **2019**, as summarized on the following page:¹⁵

¹⁴ The account information sheet and 2019 statements for the SCOTTs’ Capital One Visa, account ending-1719, are filed herewith under seal, due to the PII, as Sealed Attachment 6.

¹⁵ These Wells Fargo records are filed herewith, under seal due to the PII, as Sealed Attachment 7.

Date	Amount of Cash Deposit
1/4/2019	\$2,000.00
1/29/2019	\$3,000.00
2/5/2019	\$3,000.00
2/27/2019	\$4,500.00
3/20/2019	\$4,000.00
3/25/2019	\$1,400.00
4/12/2019	\$3,000.00
4/30/2019	\$3,000.00
5/6/2019	\$2,000.00
5/31/2019	\$4,000.00
6/7/2019	\$1,000.00
6/28/2019	\$3,000.00
7/1/2019	\$3,000.00
7/23/2019	\$2,000.00
10/29/2019	\$3,000.00
TOTAL	\$41,900.00

Although there may be an innocent explanation for SCOTT's suspicious cash deposits, SCOTT's history of engaging in drug trafficking, *i.e.*, an illegal, cash-based business, strongly suggests otherwise. Indeed, SCOTT's cash deposits suggest either that his criminal conduct may be ongoing, or that agents did not locate and seize all of his stashed drug proceeds.

SCOTT's criminal history is aggravating. As noted above, SCOTT was convicted of a serious drug trafficking offense as recently as 2014. *See* PSR ¶ 83. In 2002, he was convicted of Assault/Domestic Violence. *See* PSR ¶ 82.

Additionally, specific deterrence is a particular concern here, given SCOTT's prior, recent drug trafficking conviction.

The recommended sentence would also reflect the seriousness of the offense, promote respect for the law, and provide just punishment.

SCOTT's letter to the Court, and the mitigation materials submitted by the defense, are compelling. The United States does not question that SCOTT has suffered terrible childhood trauma or that SCOTT served his country nobly while in the military.

1 But in light of the overwhelming evidence that SCOTT's motivation to commit the
 2 instant offense was financial, the United States does not believe that this personal history,
 3 tragic though it is in many respects, warrants a lesser sentence.

4 The statutory maximum fine is \$5,000,000, pursuant to 21 U.S.C. § 841(b)(1)(B).
 5 The United States joins in Probation's recommendation of a fine in the amount of
 6 \$25,000. The \$100 special assessment is mandatory.

7 **IV. SENTENCING RECOMMENDATION**

8 The nature and circumstances of this serious offense and the history and
 9 characteristics of the defendant are the paramount considerations for the Court in
 10 imposing sentence. On balance, the United States believes a sentence of 88 months of
 11 imprisonment, followed by a four-year term of supervised release, and imposition of a
 12 fine in the amount of \$25,000, is sufficient, but not greater than necessary. The \$100
 13 special assessment is mandatory.

14 DATED this 17th day of January, 2020.

15
 16 Respectfully submitted,

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 18 United States Attorney

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 28

CERTIFICATE OF SERVICE

I hereby certify that on January 17, 2020, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the attorney of record for the defendant.

/s/ Lisa Crabtree

LISA CRABTREE

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